

Economic Development Focus Area

Introduction:

Tucson's economy is predominantly service based, with many jobs tied to tourism, retail, and public service. More recently, regional economic growth has largely been fueled by population increases, not export-based economic expansion. To improve this situation, economic experts advise that we diversify our economy by expanding our manufacturing base, developing an infrastructure for international trade and logistics support, and increasing the number of companies in our region engaged in exporting products and services and importing dollars. Diversification is important because a strong and diverse economy provides a more stable job base, an increased number of quality, high-paying jobs, and a higher overall standard of living for area residents.



Economic development programs are focused on the creation of high-quality jobs through business attraction, retention/expansion, and start-ups. The business development efforts are then linked with educational programs and workforce development/training programs designed to ensure that Tucsonans possess the skills to qualify for the quality jobs.

The City continues to leverage its resources by partnering and providing coordination, as necessary, with private, governmental, and non-profit organizations to advance common regional goals. In addition, the City delivers programs to assist local businesses; develops, improves, and supports an appropriate tourism infrastructure; and fosters a mutually beneficial economic relationship with other regions, especially northern Mexico.

Without question, the success of the Mayor and Council in Economic Development is directly linked to success in the other five focus areas (Neighborhoods, Transportation, Downtown, Growth, and Good Government).

Strategic Policy Statements:

1. *Foster a strong, diversified economy* by encouraging the creation, attraction, and retention of businesses that provide knowledge-based, high-quality employment opportunities for a prepared and successful workforce base.
2. *Improve community infrastructure* to support and encourage economic expansion and opportunity in a global marketplace.
3. *Increase the Mexican tourism economic impact* on the region through strategic marketing efforts and partnerships.

Strategic Policy Statements:

1. Foster a strong, diversified economy by encouraging the creation, attraction, and retention of businesses that provide knowledge-based, high-quality employment opportunities for a prepared and successful workforce base.

Priority Projects:

Support Development of High Quality jobs through sponsorship of the Critical Path to Accelerate Therapies Institute (the C-PATH Institute) - The C-PATH Institute is a non-profit organization that will be established as a joint venture between the University of Arizona, SRI International and the U.S. Food & Drug Administration. The mission of the Institute is to conduct research and develop procedures that will enable the pharmaceutical industry to accelerate the development and approval of new lifesaving drugs and medications. This program may potentially advance medical care and cost savings for consumers, while acting as a catalyst for accelerating Tucson's biotechnology industry and creating jobs for Southern Arizona.

Expand BusinessLINC Program - The BusinessLINC program increases sales opportunities for southern Arizona businesses by linking local, national, and international buyers with local suppliers.

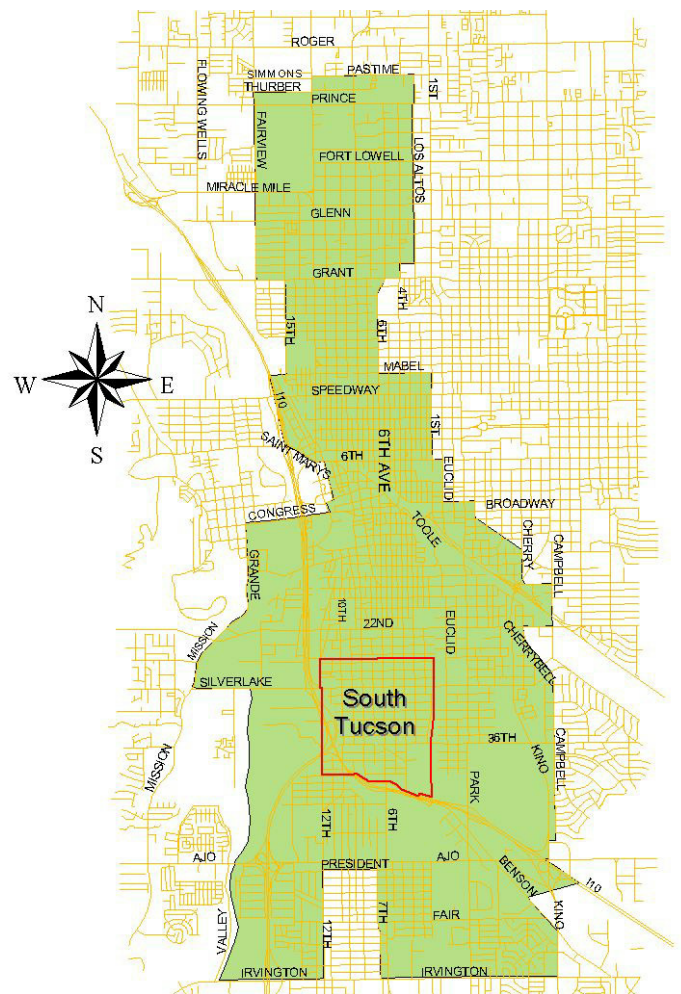
Assist Businesses with Employee Training - Local businesses are assisted in writing and managing State of Arizona job training grant applications to fund workforce training customized to meet the specific needs of local employers, create new jobs, and increase the skill and wage levels of employees in Tucson and surrounding areas.



2. Improve community infrastructure to support and encourage economic expansion and opportunity in a global marketplace.

Priority Projects:

Tucson Empowerment Zone - Business expansion and job growth within a federally-designated geographical zone is accomplished through federal income tax credits, tax exempt bond financing and federal accelerated depreciation for equipment. Tucson's empowerment zone designation promotes business within the City.



Regional Economic Development Strategy – Blue Ribbon Committee - A Blue Ribbon Panel on Economic Development comprised of individuals from the public and private sectors, including the City's Mayor, was formed in March 2004 to study and recommend fundamental changes in the way in which economic development activities are conducted in the region. The City and the County are currently negotiating the structure and mission of the proposed regional economic development entity.

Tucson New Markets Investment Corporation – The U.S. Department of the Treasury's New Market Tax Credit program permits taxpayers to claim a credit against federal income taxes for Qualified Equity Investments made to acquire stock or capital interest in designated Community Development Entities (CDEs). Designated CDEs must use substantially all of the proceeds to make Qualified Low Income Community Investments (QLICIs). Tucson has created a CDE and has applied for the tax credit allocation.

Peddler's Ordinance - The Tucson City Code section referred to as the Peddler Ordinance focuses on the licensing of individuals who intend to sell food or merchandise as a peddler within city limits. This ordinance had included fairly minimal requirements regarding the operational side of these businesses. Amendments to the ordinance are being considered due to residents' concerns about noise and blight and Police Department concerns about public safety. Revisions approved by Mayor and Council during the first quarter of FY 2004 include curbed hours of operation, peddler license expiration terms, set back requirements and a revocation procedure for operating violations.

3. Increase the Mexican tourism economic impact on the region through strategic marketing efforts and partnerships.

Priority Projects:

Mexican Visitor Tourism Strategic Marketing Plan – Vamos a Tucson, a community-based Mexico tourism effort, is focused on implementing the programs detailed in its 2003 Strategic Marketing Plan. The primary objective of the plan is to increase the economic impact on Tucson by Mexican visitors by increasing the numbers of visitors, increasing visit frequency, and encouraging visitors to extend their visits to enjoy more of what Tucson has to offer.

Puerto Nuevo – Tucson – The development of Tucson as an inland port and commerce center will facilitate the free and competitive flow of regional and international trade between the U.S. and Mexico, in addition to providing convenient cost-effective access to all corners of the fast growing global marketplace. Puerto Nuevo will enhance Tucson's capability to manufacture, market and distribute its products throughout the world. When completed, the port will integrate logistics services and facilities available in the areas of transportation, warehousing, manufacturing, research and international business services. It will also serve as a catalyst for creating new business sectors in the community.



Tucson-Mexico Passenger Train Service – This project would develop passenger train service from Tucson's downtown Historic Depot to routes in Northern and Western Mexico. Implementation of this rail passenger service would: 1) give Tucson a very unique and marketable character, and 2) convert Tucson into a hub for a new bi-national adventure tourism product.